



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 19-66]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense.

ACTION: Arms sales notice.

SUMMARY: The Department of Defense is publishing the unclassified text of an arms sales notification.

FOR FURTHER INFORMATION CONTACT: Karma Job at karma.d.job.civ@mail.mil or (703) 697-8976.

SUPPLEMENTARY INFORMATION: This 36(b)(1) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 19-66, Policy Justification and Sensitivity of Technology.

Dated: January 17, 2020.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer,

Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY

201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-209, The Capitol
Washington, DC 20515

JAN 14 2020

Dear Madam Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 19-66 concerning the Navy's proposed Letter(s) of Offer and Acceptance to the Government of Australia for defense articles and services estimated to cost \$1.50 billion. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles W. Hooper", is written over the typed name and title.

Charles W. Hooper
Lieutenant General USA
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology

Transmittal No. 19-66

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

(i) Prospective Purchaser: Government of Australia

(ii) Total Estimated Value:

Major Defense Equipment*	\$.50 billion
Other	<u>\$1.00 billion</u>
TOTAL	\$1.50 billion

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: The Government of Australia has requested to buy long lead items, engineering development activities, and other defense services to support the Australian Surface Combatant Program, including the modernization of three Hobart Class Destroyers, and construction of the first three (of nine total) Hunter Class Frigates.

Major Defense Equipment (MDE):

Three (3) Shipsets of the AEGIS Weapon System (AWS) in the MK 6 Mod 1 configuration to support the Modernization of the Hobart Class DDGs, including: AEGIS Combat System Support Equipment (ACSSE); Weapon Data Recording Cabinet (WDRC) equipment; Multi-Mission Signal Processor (MMSP-R) equipment; Network, Processing and Storage (NPS) equipment; Consoles Displays and Peripherals (CDP) equipment; Embedded Training System (ETS); Kill Assessment System (KAS); and Shipboard Gridlock System (SGS).

Three (3) Shipsets of the AEGIS Weapon System (AWS) in the MK 6 Mod 1 configuration to support the New Construction of the Hunter Class FFGs, including AEGIS Combat System Support Equipment (ACSSE); Electronic Equipment Fluid Cooler (EEFC) equipment; and Network, Processing and Storage (NPS) equipment; and Consoles Displays and Peripherals (CDP) equipment; Shipboard Gridlock System (SGS); Embedded Training System (ETS) and AN/SPQ-15 equipment.

Three (3) shipsets of the MK 41 Vertical Launching Systems (VLS) for installation on the Hunter Class Frigates;

Three (3) shipsets (2 mounts per ship) of the Close-In Weapons System (CIWS) for installation on the Hunter Class Frigates;

Two (2) Australia AEGIS Weapon System Computer Programs (one for Hobart Class, one for Hunter Class), and associated computer programs for AEGIS Combat System components for installation on both the Hobart and Hunter Class ships;

Six (6) shipsets of the Global Positioning System (GPS) - Based Positioning, Navigation and Timing Service (GPNTS) Navigation Systems and associated Advanced Digital Antenna Production (ADAP) antennas and support

equipment for installation on the Hobart and Hunter Class ships;
Six (6) shipsets of upgraded Cooperative Engagement Capability (CEC) equipment for installation on the Hobart and Hunter Class ships;
Six (6) shipsets of Command and Control Processor (C2P) equipment for installation on the Hobart and Hunter Class ships;
Eight (8) shipsets of Multifunctional Information Distribution System Joint Tactical Radio Set (MIDS JTRS) terminals for installation on the Hobart and Hunter Class ships.

Non-MDE:

Also included are:

Three (3) shipsets of MK 34 Gun Weapon System (GWS) modification equipment to include the Electro Optical Sight System and changes supporting Naval Fires Planner and associated TacLink Control System for installation on the Hobart Class Destroyers;
Three (3) shipsets of MK 34 Gun Weapon System components to include the MK 160 Gun Computing System and the MK 20 Electro Optical Sight System, and the Naval Fires Planner and associated TacLink Control System for installation on the Hunter Class Frigates;
Three (3) shipsets of: Mode 5/S capable Identification, Friend of Foe (IFF) Systems; Gigabit Ethernet Data Multiplexing System (GEDMS); AN/WSN-7 Ring Laser Gyrocompass Inertial Navigation Systems; WSN-9 Digital Hybrid Speed Log systems; Common Data Link Management System (CDLMS); and Global Command and Control System - Maritime (GCCS-M) systems for installation on the Hunter Class Frigates;
Six (6) shipsets of AN/SRQ-4 Hawklink and SQQ-89 Sonobuoy processing equipment for installation on the Hobart and Hunter Class ships;
Defense services for development and integration of a capability upgrade for the installed AEGIS Combat System on the Hobart Class Destroyer, including Integrated Air and Missile Defense capability and growth capability for Ballistic Missile Defense;
Development, integration and testing support for installation of a AEGIS Combat System for installation on the Hunter Class FFG, a Global Combat Ship Type 26 (BAE) platform, including the integration of the indigenous CEAFAAR 2 Phased Array Radar (CEA Industries) with the AEGIS Combat System (including Cooperative Engagement Capability) and the primary radar sensor and illuminator;
Integration of selected Australian provided combat system components including Undersea Warfare and Ship Self Defense for installation on the Hobart and Hunter Class ships;
Integration of the MH-60R helicopter into the AEGIS Combat System for installation on the Hobart and Hunter Class ships;
Procurement and delivery of installation support material, special purpose test equipment, initial logistics outfitting, spares and other ancillary equipment to support the installation and integration of AEGIS Combat System equipment in the Hunter and Hobart class ship platforms;

Development of technical documentation to support both programs; provision of logistics and other support services to support the Hobart and Hunter Class ships;

Procurement, staging, delivery and installation support for AEGIS Combat System equipment for the Hobart and Hunter Class ships;

Provision of training support for curriculum development, training tool development, front-end analysis, and crew training for the Hobart and Hunter Class ships;

U.S. Government and contractor representative engineering, logistics, and technical support services; and other related elements of logistics and program support for the Hobart and Hunter Class ships.

(iv) Military Department: Navy (AT-P-LFZ)

(v) Prior Related Cases, if any: AT-P-LCQ, AT-P-GSU, and AT-P-GSC

(vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Attached Annex.

(viii) Date Report Delivered to Congress: **January 14, 2020**

*As defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Australia – Australia Surface Combatant (ASC) Program

The Government of Australia has requested to buy long lead items, engineering development activities, and other defense services to support the Australian Surface Combatant Program, including the modernization of three Hobart Class Destroyers, and construction of the first three (of nine total) Hunter Class Frigates which includes: three (3) Shipsets of the AEGIS Weapon System (AWS) in the MK 6 Mod 1 configuration to support the Modernization of the Hobart Class DDGs; three (3) Shipsets of the AEGIS Weapon System (AWS) in the MK 6 Mod 1 configuration to support the New Construction of the Hunter Class FFGs; three (3) shipsets of the MK 41 Vertical Launching Systems (VLS) for installation on the Hunter Class Frigates; three (3) shipsets (2 mounts per ship) of the Close-In Weapons System (CIWS) for installation on the Hunter Class Frigates; two (2) Australia AEGIS Weapon System Computer Programs (one for Hobart Class, one for Hunter Class), and associated computer programs for AEGIS Combat System components for installation on both the Hobart and Hunter Class ships; six (6) shipsets of the Global Positioning System (GPS) - Based Positioning, Navigation and Timing Service (GPNTS) Navigation Systems and associated Advanced Digital Antenna Production (ADAP) antennas and support equipment for installation on the Hobart and Hunter Class ships; six (6) shipsets of upgraded Cooperative Engagement Capability (CEC) equipment for installation on the Hobart and Hunter Class ships; six (6) shipsets of Command and Control Processor (C2P) equipment for installation on the Hobart and Hunter Class ships; and eight (8) shipsets of Multifunctional Information Distribution System Joint Tactical Radio Set (MIDS JTRS) terminals for installation on the Hobart and Hunter Class ships. Also included are: three (3) shipsets of MK 34 Gun Weapon System (GWS) modification equipment to include the Electro Optical Sight System and changes supporting Naval Fires Planner and associated TacLink Control System for installation on the Hobart Class Destroyers; three (3) shipsets of MK 34 Gun Weapon System components to include the MK 160 Gun Computing System and the MK 20 Electro Optical Sight System, and the Naval Fires Planner and associated TacLink Control System for installation on the Hunter Class Frigates; three (3) shipsets of: Mode 5/S capable Identification, Friend of Foe (IFF) Systems; Gigabit Ethernet Data Multiplexing System (GEDMS); AN/WSN-7 Ring Laser Gyrocompass Inertial Navigation Systems; WSN-9 Digital Hybrid Speed Log systems; Common Data Link Management System (CDLMS); and Global Command and Control System-Maritime (GCCS-M) systems for installation on the Hunter Class Frigates; six (6) shipsets of AN/SRQ-4 Hawklink and SQQ-89 Sonobuoy processing equipment for installation on the Hobart and Hunter Class ships; defense services for development and integration of a capability upgrade for the installed AEGIS Combat System on the Hobart Class Destroyer, including Integrated Air and Missile Defense capability and growth capability for Ballistic Missile Defense; development, integration and testing support for installation of a AEGIS Combat System for installation on the Hunter Class FFG, a Global Combat Ship Type 26 (BAE) platform, including the integration of the indigenous CEAFAAR 2 Phased Array Radar (CEA Industries) with the AEGIS Combat System (including Cooperative Engagement Capability) and the primary radar sensor and illuminator; integration of selected Australian provided combat system components including Undersea Warfare and Ship Self Defense for installation on the Hobart and Hunter Class ships; integration of the MH-60R helicopter into the AEGIS Combat System for installation on the Hobart and Hunter Class ships; Procurement and

delivery of installation support material, special purpose test equipment, initial logistics outfitting, spares and other ancillary equipment to support the installation and integration of AEGIS Combat System equipment in the Hunter and Hobart class ship platforms; development of technical documentation to support both programs; provision of logistics and other support services to support the Hobart and Hunter Class ships; procurement, staging, delivery and installation support for AEGIS Combat System equipment for the Hobart and Hunter Class ships; provision of training support for curriculum development, training tool development, front-end analysis, and crew training for the Hobart and Hunter Class ships; U.S. Government and contractor representative engineering, logistics, and technical support services; and other related elements of logistics and program support for the Hobart and Hunter Class ships. The total estimated cost is \$1.50 billion.

This proposed sale will support the foreign policy and national security objectives of the United States. Australia is one of our most important allies in the Western Pacific. The strategic location of this political and economic power contributes significantly to ensuring peace and economic stability in the region.

The proposed sale will enhance Australia's Surface Combatant capability by modernizing their existing three AEGIS capable Hobart Class Destroyers with the latest technology and capability, and delivering the first three (of nine) AEGIS capable Hunter Class Future Frigates. This sale enhances Australia's self-defense capability, while significantly improving interoperability with U.S. Navy AEGIS combatants in the region. By deploying a surface combatant fleet that will incorporate Cooperative Engagement Capability (CEC), Australia will significantly improve network-centric warfare capability for US forces operating in the region. Australia will have no difficulty absorbing this equipment into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

There are a significant number of companies under contract with the U.S. Navy that will provide components and systems as well as engineering services during the execution of this effort, with a significant portion of the effort to be performed by Lockheed Martin, Rotary and Mission Systems, Moorestown, NJ. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require travel of U.S. Government and/or contractor representatives to Australia on a temporary basis for program support and management oversight. No extended (long-term) visits to Australia will be required as part of this effort.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act

Annex
Item No. vii

(vii) Sensitivity of Technology:

1. This sale involves the procurement of long lead material and services to support the Australian Surface Combatant Program. The AEGIS Combat System (ACS) to be procured to support the modernization of the Hobart Class Destroyers is a multi-mission combat system providing Integrated Air and Missile Defense (IAMD) and a growth path to Ballistic Missile Defense (BMD) capability, derived from USN AEGIS Weapon System Baseline 9 capability. In addition to shipboard AEGIS equipment, this proposed sale will provide software, documentation (including combat system capabilities and limitations), training devices and services, and other technical support to ensure the proper installation, testing and operation of the provided equipment.

2. AEGIS Weapon System simulation software, documentation, training and study material will be provided a classification levels up to and including SECRET. Delivery of sensitive technological information, up to and including SECRET, will be limited to the minimum level of information required to progress activities associated with the integration of indigenous combat system systems into the AEGIS Combat System. This consists primarily of AEGIS Combat System requirements and integration information to support early combat system development activities, in the form of documentation, simulation software, and technical specifications. This information is sensitive as it provides limited insight into AEGIS Combat System capabilities and requirements - as tailored to the Australian AEGIS Combat System configurations.

3. The Cooperative Engagement Capability (CEC) is a system that fuses tracking data from shipboard sensors and distributes radar measurement data to other platforms with CEC capability. This data is filtered and combined to create a common tactical picture, based on available sensor data from all platforms netted through the CEC system. The hardware is unclassified with the exception of a Communications Security (COMSEC) card which is classified SECRET. The software and documentation are classified SECRET. All manuals and technical documentation disclosure will be limited to those necessary for operational use and organizational maintenance.

4. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures, which might reduce weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.

5. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the enclosed Policy Justification. A determination has been made that Australia can provide the same degree of protection for the sensitive technology being released as the U.S. Government.

6. All defense articles and services listed on this transmittal have been authorized for release and export to the Government of Australia.

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